

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2044 - SB 1996

February 10, 2022

SUMMARY OF BILL: Increases the length of time that temporary license plates are valid for a motor vehicle from 30 days to 60 days, increases the fee for a temporary plate from \$5.50 to \$11.00, and increases the maximum allotted period of time a motor vehicle may be operated with temporary plates from 60 days to 120 days.

ESTIMATED FISCAL IMPACT:

Increase State Revenue –

\$3,693,100/FY22-23 and Subsequent Years/Highway Fund

\$75,400/FY22-23 and Subsequent Years/General Fund

Assumptions:

- The Department of Revenue (DOR) reports that, in 2021, a total of 978,824 temporary plates (25,656 class 1205 drive-out temporary plates and 953,168 EZ temporary plates) were issued at \$5.50 per plate. The revenue raised from the issuance of temporary plates was \$5,383,532 (978,824 x \$5.50).
- It is assumed the number of temporary plates issued and revenue raised from the temporary plates will be the same in FY22-23 and subsequent years as in 2021, absent this legislation.
- Pursuant to Tenn. Code Ann. § 55-6-107(a)(1), such revenue shall be apportioned by a distribution of 98 percent to the Highway Fund and 2 percent to the General Fund.
- Extending the time temporary plates are valid for is estimated to reduce the number of plates issued by approximately 15 percent.
- The number of temporary plates issued in FY22-23 and subsequent years, as a result of this legislation, is estimated to be 832,000 (978,824 x 85%).
- The state revenue raised from the issuance of the temporary plates is estimated to be \$9,152,000 (832,000 x \$11).
- The total increase in state revenue is estimated to be \$3,768,468 (\$9,152,000 - \$5,383,532) in FY22-23 and subsequent years.
- The increase in revenue to the Highway Fund is estimated to be \$3,693,099 (\$3,768,468 x 98%) in FY22-23 and subsequent years.
- The increase in revenue to the General Fund is estimated to be \$75,369 (\$3,768,468 x 2%) in FY22-23 and subsequent years.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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